

106TH CONGRESS
2D SESSION

H. R. 4462

To provide for the simplification of sales and use taxes on interstate commerce
and to ensure that such taxes are equitably applied.

IN THE HOUSE OF REPRESENTATIVES

MAY 16, 2000

Mr. BACHUS (for himself, Ms. MCCARTHY of Missouri, Mr. ISTOOK, and Mr. DELAHUNT) introduced the following bill; which was referred to the Committee on the Judiciary, and in addition to the Committee on Rules, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To provide for the simplification of sales and use taxes
on interstate commerce and to ensure that such taxes
are equitably applied.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Fair and Equitable
5 Interstate Tax Compact Simplification Act of 2000”.

6 **SEC. 2. FINDINGS.**

7 The Congress finds that—

1 (1) the moratorium of the Internet Tax Free-
2 dom Act on new taxes on Internet access and on
3 multiple and discriminatory taxes on electronic com-
4 merce should be extended;

5 (2) States should be encouraged to simplify
6 their sales and use tax systems;

7 (3) as a matter of economic policy and basic
8 fairness, similar sales transactions should be treated
9 equitably, without regard to the manner in which the
10 sales are transacted, whether in person, through the
11 mails, over the telephone, on the Internet, or by
12 other means;

13 (4) Congress may facilitate such equitable tax-
14 ation consistent with the Supreme Court's decision
15 in *Quill Corp. v. North Dakota*, 502 U.S. 808
16 (1992), which based its decision not to extend
17 States' collection powers in significant part on its
18 view that Congress has, by virtue of its constitu-
19 tional power to regulate interstate commerce, the
20 ability to authorize States to require out-of-State
21 sellers to collect taxes on sales to in-State residents;

22 (5) States that adequately simplify their tax
23 systems should be authorized to correct the present
24 inequities in taxation by requiring sellers to collect
25 taxes on sales of goods or services delivered in-State,

1 without regard to the location of the seller or to the
2 means by which the good or service is sold;

3 (6) the States have experience, expertise, and a
4 vital interest in the collection of sales and use taxes,
5 and thus should take the lead in developing and im-
6 plementing sales and use tax collection systems that
7 are fair, efficient, and nondiscriminatory in their ap-
8 plication;

9 (7) States, by their own initiative, have formed
10 the Streamlined Sales Tax System Project, a cooper-
11 ative effort with local governments to radically sim-
12 plify the sales and use tax system by bringing uni-
13 formity to tax bases, definitions, and administration,
14 by simplifying the tax rate structure and administra-
15 tion, and by incorporating stringent privacy controls
16 and technology into the collection process to preserve
17 the basic tenets of consumer privacy, and that such
18 project should be allowed to proceed without inter-
19 vention by Congress; and

20 (8) online consumer privacy is of paramount
21 importance to the growth of electronic commerce
22 and must be protected.

1 **SEC. 3. EXTENSION OF INTERNET TAX FREEDOM ACT MOR-**
2 **ATORIUM THROUGH 2006.**

3 Section 1101(a) of the Internet Tax Freedom Act (47
4 U.S.C. 151 note) is amended by striking “3 years after
5 the date of the enactment of this Act—” and inserting
6 “on October 21, 2006:”.

7 **SEC. 4. STREAMLINED SALES AND USE TAX SYSTEM.**

8 (a) DEVELOPMENT OF STREAMLINED SYSTEM.—It is
9 the sense of the Congress that States and localities should
10 work together to develop a streamlined sales and use tax
11 system that addresses the following:

12 (1) A centralized, one-stop, multi-state registra-
13 tion system for sellers.

14 (2) Uniform definitions for goods or services
15 that may be included in the tax base.

16 (3) Uniform and simple rules for attributing
17 transactions to particular taxing jurisdictions.

18 (4) Uniform rules for the designation and iden-
19 tification of purchasers exempt from sales and use
20 taxes, including a database of all exempt entities
21 and a rule ensuring that reliance on such database
22 shall immunize sellers from liability.

23 (5) Uniform procedures for the certification of
24 software that sellers rely on to determine State and
25 local use tax rates and taxability.

26 (6) Uniform bad debt rules.

1 (7) Uniform tax returns and remittance forms.

2 (8) Consistent electronic filing and remittance
3 methods.

4 (9) State administration of all State and local
5 sales taxes.

6 (10) Uniform audit procedures.

7 (11) Reasonable compensation for sellers for
8 tax collection obligations that reflects the complexity
9 of an individual State's tax structure, including the
10 structure of its local taxes.

11 (12) Exemption from use tax collection require-
12 ments for remote sellers falling below a specified de-
13 minimis threshold.

14 (13) Appropriate protections for consumer pri-
15 vacy.

16 (14) Such other features that the member
17 States deem warranted to promote simplicity, uni-
18 formity, neutrality, efficiency, and fairness.

19 (b) NO UNDUE BURDEN.—Congress finds that if
20 States adopt the streamlined system described in sub-
21 section (a), such a system does not place an undue burden
22 on interstate commerce or burden the growth of electronic
23 commerce and related technologies in any material way.

1 **SEC. 5. INTERSTATE SALES AND USE TAX COMPACT.**

2 (a) AUTHORIZATION AND CONSENT.—States are au-
3 thorized to enter into an Interstate Sales and Use Tax
4 Compact, and Congress hereby consents to such a com-
5 pact. The Compact shall provide that member States agree
6 to adopt a uniform, streamlined sales and use tax system
7 consistent with section 4(a).

8 (b) EXPIRATION.—The authorization and consent in
9 subsection (a) shall automatically expire if the Compact
10 has not been formed before January 1, 2004.

11 **SEC. 6. AUTHORIZATION TO SIMPLIFY STATE USE TAX**
12 **RATES THROUGH AVERAGING.**

13 Notwithstanding any other provision of law, any
14 State levying a sales tax is authorized to administer a sin-
15 gle uniform statewide use tax rate relating to all remote
16 sales on which it assesses a use tax, provided that for each
17 calendar year in which such statewide rate is applicable,
18 if such rate had been assessed during the second calendar
19 year prior to such year on all such sales on which a sales
20 tax was assessed by such State or its local jurisdictions,
21 the total taxes assessed on such sales would not have ex-
22 ceeded the total taxes actually assessed on such sales dur-
23 ing such year.

1 **SEC. 7. AUTHORIZATION TO REQUIRE COLLECTION OF USE**
2 **TAXES.**

3 (a) GRANT OF AUTHORITY.—Subject to the limita-
4 tions in subsection (b), any member State that has adopt-
5 ed and participates in the streamlined system prescribed
6 by the Compact is authorized, notwithstanding any other
7 provision of law, to require all sellers not qualifying for
8 the de minimis exception specified in such system to col-
9 lect and remit use taxes on remote sales in such State.

10 (b) CONDITIONS.—The authority in subsection (a)
11 shall be of no effect unless all of the following conditions
12 are met:

13 (1) The streamlined system prescribed by the
14 Compact has been submitted to the President of the
15 United States prior to January 31, 2004, with the
16 approval of at least 20 member States.

17 (2) The President has submitted a report to the
18 Congress certifying that the streamlined system pre-
19 scribed by the Compact satisfies the requirements of
20 section 4(a).

21 (3) 90 days have passed from the date of the
22 submission of the report to Congress under para-
23 graph (2), and no joint resolution disapproving the
24 system has been enacted pursuant to the procedures
25 in subsection (c).

1 (c) PROCEDURE FOR JOINT RESOLUTION OF DIS-
2 APPROVAL.—A joint resolution disapproving the stream-
3 lined system prescribed by the Compact may be enacted
4 no later than 90 days from the date of the submission
5 of the report to Congress under subsection (b)(2). Such
6 submission and such 90-day period shall be governed by
7 the provision of section 2194 of title 19, United States
8 Code. Consideration of such joint resolution shall be pur-
9 suant to the expedited procedures prescribed in section
10 2192 of title 19, United States Code, with the following
11 modifications:

12 (1) Sections 2192(b) and 2192(f)(1)(a)(i) shall
13 be inapplicable.

14 (2) Section 2192(a) shall be inapplicable, and
15 shall for purposes of this section be replaced by the
16 following:

17 “(a) CONTENTS OF RESOLUTION.—For purposes of
18 this section, the term ‘resolution’ means only a joint reso-
19 lution of the 2 Houses of the Congress, the matter after
20 the resolving clause of which is as follows: ‘That the Con-
21 gress does not approve of the determination of the Presi-
22 dent under section 7(b)(2) of the Fair and Equitable
23 Interstate Tax Compact Simplification Act of 2000 trans-
24 mitted on 11.’, the blank space being filled with the ap-
25 propriate date.”.

1 (3) Section 2192(f)(3) shall be applicable in the
2 case of a veto message with respect to any joint res-
3 olution under this section.

4 **SEC. 8. LIMITATIONS.**

5 (a) NO EFFECT ON NEXUS.—No obligation imposed
6 by virtue of authority granted in section 7(a) shall be con-
7 sidered in determining whether a seller has a nexus with
8 any State for any tax purpose.

9 (b) NO EFFECT ON LICENSING, REGULATION,
10 ETC.—Nothing in this Act shall be construed to permit
11 a State to license or regulate any person, to require any
12 person to qualify to transact intrastate business, or to sub-
13 ject any person to State taxes not related to the sales of
14 tangible personal property.

15 **SEC. 9. DEFINITIONS.**

16 For purposes of this Act—

17 (1) the term “State” means 1 of the 50 States
18 of the United States and the District of Columbia;

19 (2) the term “the Compact” means the Inter-
20 state Sales and Use Tax Compact authorized by sec-
21 tion 5;

22 (3) the term “goods or services” includes any
23 tangible or intangible personal property and services;

24 (4) the term “member State” means a State
25 that has joined the Compact;

1 (5) the term “remote sale” means a sale in
2 interstate commerce of goods or services attributed,
3 under the rules of section 4(a)(3) of this Act, to a
4 particular taxing jurisdiction which jurisdiction
5 could not, except for the authority granted by this
6 Act, require the seller of such goods or services to
7 collect and remit sales or use taxes on such sale;

8 (6) a remote sale “in” a particular taxing juris-
9 diction means a remote sale of goods or services at-
10 tributed, under the rules of section 4(a)(3) of this
11 Act, to a particular taxing jurisdiction;

12 (7) the term “seller” means a seller of goods or
13 services; and

14 (8) the term “uniform” refers to interstate uni-
15 formity.

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